

001149

Capital Reporting Company

001151

<p style="text-align: right;">Page 114</p> <p>1 customers that Verizon has had problems with this</p> <p>2 billing of this USOC?</p> <p>3 A I haven't, no.</p> <p>4 Q Did you write the Verizon position</p> <p>5 statement on this subject?</p> <p>6 A No.</p> <p>7 Q Have you seen that position statement?</p> <p>8 A Yes.</p> <p>9 Q Do you recall the first sentence of that</p> <p>10 position statement says that Lightwave does not</p> <p>11 dispute that Verizon provided interoffice service?</p> <p>12 A Perhaps I should refresh? Is it in an</p> <p>13 exhibit?</p> <p>14 Q Certainly. It's in the Arbitrator's</p> <p>15 notebook?</p> <p>16 A Do you have an exhibit number?</p> <p>17 Q It's not an exhibit. It's in the</p> <p>18 Arbitrator's notebook.</p> <p>19 A Thank you.</p> <p>20 Q Do you agree with that first sentence?</p> <p>21 A Perhaps I would have worded it</p> <p>22 differently, but, yes.</p>	<p style="text-align: right;">Page 116</p> <p>1 in your view?</p> <p>2 A To the best of my knowledge. I would use</p> <p>3 the term soft FX or engineered FX. I believe</p> <p>4 others use the term cheap FX.</p> <p>5 Q Are you familiar with regulatory</p> <p>6 requirements as they relate to the billing of</p> <p>7 elements, are you not?</p> <p>8 A I would say in general, yes. I'm not</p> <p>9 sure I understand the question or the application.</p> <p>10 Q Is Verizon authorized to bill for</p> <p>11 elements that it does not provide?</p> <p>12 A Are we talking under advantage or prior?</p> <p>13 Q Both.</p> <p>14 A I think we are authorized to bill for the</p> <p>15 service we provide to describe the rates are</p> <p>16 described that are applicable to that service.</p> <p>17 Q Prior to July 1st, 2005, Verizon has</p> <p>18 provided network elements to carriers such as</p> <p>19 Lightwave, is that correct?</p> <p>20 A That's correct.</p> <p>21 Q And Verizon can bill for elements it's</p> <p>22 providing?</p>
<p style="text-align: right;">Page 115</p> <p>1 Q What then does the dispute involve that's</p> <p>2 at issue in this arbitration?</p> <p>3 A My understanding, based on the documents</p> <p>4 I've seen is the provisioning of the FX service on</p> <p>5 a hard wired versus a non-hard wired basis.</p> <p>6 Q Isn't it Lightwave's position that</p> <p>7 Verizon has not provided interoffice service in</p> <p>8 DC, Maryland and Virginia?</p> <p>9 A Of a not provided working --</p> <p>10 Q Interoffice facility service in DC,</p> <p>11 Maryland and Virginia?</p> <p>12 A I believe so. If there's something I</p> <p>13 could be looking at.</p> <p>14 Q I believe you testified to the existence</p> <p>15 of soft FX service or sometimes referred to as</p> <p>16 cheap FX service, is that correct?</p> <p>17 A Soft FX, I wouldn't use that other term</p> <p>18 although I've seen it used before.</p> <p>19 Q Do they relate to the same item?</p> <p>20 A It's a type of foreign exchange service,</p> <p>21 yes.</p> <p>22 Q Are cheap FX and soft FX interchangeable</p>	<p style="text-align: right;">Page 117</p> <p>1 A That's correct.</p> <p>2 Q Could Verizon bill a carrier for an</p> <p>3 element it was not providing?</p> <p>4 MR. CORCORAN: Objection, vague,</p> <p>5 elements.</p> <p>6 BY MR. KLEIN:</p> <p>7 Q Any network element it was not providing?</p> <p>8 A My understanding is we would bill for</p> <p>9 elements that were provided, yes.</p> <p>10 Q That's not my question. Could you bill</p> <p>11 for an unbundled network that Verizon was not</p> <p>12 providing?</p> <p>13 A I don't believe so.</p> <p>14 Q Would Verizon be authorized to bill for</p> <p>15 an interoffice facility if it was not actually</p> <p>16 providing an interoffice facility to a wholesale</p> <p>17 customer?</p> <p>18 A No.</p> <p>19 Q Does Verizon actually physically provide</p> <p>20 interoffice facilities in connection with soft FX</p> <p>21 service?</p> <p>22 A Hard wire dedicated facility? No. Could</p>

30 (Pages 114 to 117)

001150

(866) 448 - DEPO

www.CapitalReportingCompany.com

001152

001153

Capital Reporting Company

001155

<p style="text-align: right;">Page 118</p> <p>1 you repeat the question.</p> <p>2 Q Does Verizon actually physically provide</p> <p>3 interoffice facilities in connection with soft FX</p> <p>4 service?</p> <p>5 A Yes.</p> <p>6 Q Interoffice facility being a facility</p> <p>7 between two central offices.</p> <p>8 MR. CORCORAN: Objection, is Counsel's</p> <p>9 question presupposing a definition?</p> <p>10 BY MR. KLEIN:</p> <p>11 Q Let me back up. Do you understand what</p> <p>12 an interoffice facility is?</p> <p>13 A Yes.</p> <p>14 Q Refresh us what that means?</p> <p>15 A Interoffice facility is a facility</p> <p>16 between two Verizon central offices, two or more</p> <p>17 central offices.</p> <p>18 Q Okay. So is it fair to say it's a link</p> <p>19 between one central office and another Verizon</p> <p>20 central office?</p> <p>21 A In a way.</p> <p>22 Q When Verizon provides soft interoffice</p>	<p style="text-align: right;">Page 120</p> <p>1 Q Mr. Sitro, let me ask you to address if</p> <p>2 you can NPU, non-published listings.</p> <p>3 A Okay.</p> <p>4 Q Your testimony I believe is that you</p> <p>5 investigated this claim, Lightwave's claim?</p> <p>6 A Yes.</p> <p>7 Q What's the period covered by Lightwave's</p> <p>8 claim in this arbitration -- I'm sorry, Verizon's</p> <p>9 claim in this arbitration, this is a counterclaim</p> <p>10 asserted by Verizon, you're aware of that?</p> <p>11 A Yes.</p> <p>12 Q What's the period covered by Verizon's</p> <p>13 counterclaim in NPU?</p> <p>14 A January 2004 through either May 31st or</p> <p>15 June 31st, 2006.</p> <p>16 Q And what's the amount of Verizon's</p> <p>17 counterclaim?</p> <p>18 A Let me reference it just a moment.</p> <p>19 Q Sure.</p> <p>20 A For NPU?</p> <p>21 Q Yes, according to the Verizon</p> <p>22 counterclaim document, which I believe is Verizon</p>
<p style="text-align: right;">Page 119</p> <p>1 service, is Verizon providing that between two</p> <p>2 separate offices?</p> <p>3 A They are providing usage.</p> <p>4 Q The question is Verizon actually</p> <p>5 providing an interoffice facility connecting two</p> <p>6 central offices?</p> <p>7 MR. CORCORAN: Objection, asked and</p> <p>8 answered.</p> <p>9 MR. KLEIN: It was not answered.</p> <p>10 ARBITRATOR BONELLO: Objection overruled.</p> <p>11 THE WITNESS: It's provided on a soft or</p> <p>12 a usage basis.</p> <p>13 BY MR. KLEIN:</p> <p>14 Q I'm not asking about functionality. I'm</p> <p>15 talking about whether Verizon is actually</p> <p>16 providing the transport piece between one central</p> <p>17 office and another central office?</p> <p>18 MR. CORCORAN: Objection, asked and</p> <p>19 answered.</p> <p>20 ARBITRATOR BONELLO: Overruled.</p> <p>21 THE WITNESS: No.</p> <p>22 BY MR. KLEIN:</p>	<p style="text-align: right;">Page 121</p> <p>1 Exhibit 2, if I'm not mistaken.</p> <p>2 A \$581,006.76.</p> <p>3 Q Did Verizon actually bill Lightwave for</p> <p>4 NPU during the two and a half year period you</p> <p>5 described?</p> <p>6 A I didn't validate the total amount.</p> <p>7 Q I'm sorry, you didn't?</p> <p>8 A I didn't validate the total amount over</p> <p>9 that period.</p> <p>10 Q So you wouldn't know then if the amount</p> <p>11 of the counterclaim exceeded the amount that was</p> <p>12 actually billed to Lightwave?</p> <p>13 A No.</p> <p>14 Q I believe that subsequent to the Verizon</p> <p>15 filing of a counterclaim for NPU there's been an</p> <p>16 admission that the counterclaim is erroneous, is</p> <p>17 that accurate?</p> <p>18 A Erroneous meaning the amount?</p> <p>19 Q Yes.</p> <p>20 A Needs to be adjusted.</p> <p>21 Q Does that mean that the amount that</p> <p>22 Verizon billed was incorrect?</p>

31 (Pages 118 to 121)

001154

(866) 448 - DEPO

www.CapitalReportingCompany.com

001156

001169

001171

Capital Reporting Company

<p style="text-align: right;">Page 134</p> <p>1 REALA?</p> <p>2 A With the exception of under the advantage</p> <p>3 time period in Maryland, where the rate was not</p> <p>4 applied properly.</p> <p>5 Q Are you talking now about the 100 and</p> <p>6 some dollars that you just described?</p> <p>7 A I'm talking about, yeah, there was -- the</p> <p>8 amount billed during the advantage period for this</p> <p>9 charge was in Maryland \$4.24. It should be \$2.75.</p> <p>10 Q Apart from that small figure, less than</p> <p>11 \$200, did Verizon properly charge Lightwave for</p> <p>12 suspension activities related to REALA?</p> <p>13 A Yeah.</p> <p>14 MR. KLEIN: I have to object to these</p> <p>15 questions because I believe that Verizon objected</p> <p>16 to previously when this witness could not answer</p> <p>17 billing related questions and the witness</p> <p>18 indicated himself he could not answer billing</p> <p>19 related questions.</p> <p>20 ARBITRATOR BONELLO: Overruled.</p> <p>21 BY MR. CORCORAN:</p> <p>22 Q Let me move on to the ULY3X USOC. You</p>	<p style="text-align: right;">Page 136</p> <p>1 so.</p> <p>2 Q Does the WASA make any distinction</p> <p>3 between hard and -- the billing for hard and soft</p> <p>4 FX?</p> <p>5 A It doesn't describe the term.</p> <p>6 Q Let me also ask you about -- you were</p> <p>7 asked some questions on this topic of FX that</p> <p>8 suggested that the dispute was only over soft FX.</p> <p>9 Did you determine whether Lightwave in fact</p> <p>10 withheld payments that were due but related to</p> <p>11 hard FX?</p> <p>12 A Yes.</p> <p>13 Q And give a rough estimate of the</p> <p>14 magnitude of Lightwave's withholding of payments</p> <p>15 that even related to hard FX.</p> <p>16 MR. KLEIN: I'd have to object. The</p> <p>17 witness previously testified he's unaware of the</p> <p>18 break down of the types of dispute at issue here.</p> <p>19 ARBITRATOR BONELLO: Do you want to</p> <p>20 respond to the objection?</p> <p>21 MR. CORCORAN: I don't think that was his</p> <p>22 testimony. I think it was -- that testimony</p>
<p style="text-align: right;">Page 135</p> <p>1 were asked some questions about whether Verizon</p> <p>2 provided a wire link between offices when</p> <p>3 providing FX services as soft FX. Do you remember</p> <p>4 that general area of questioning?</p> <p>5 A Yes.</p> <p>6 Q Okay. Is there a software link that</p> <p>7 Verizon provides to effect the FX transfer for</p> <p>8 Lightwave?</p> <p>9 A I don't know if I would use the term</p> <p>10 software link. But the software calls are treated</p> <p>11 like they are from a foreign exchange area,</p> <p>12 different rate area.</p> <p>13 Q Does anything in the contract between the</p> <p>14 parties prevent Verizon from doing that?</p> <p>15 A I don't --</p> <p>16 MR. KLEIN: I'm sorry, I have to object,</p> <p>17 prevent Verizon from doing what?</p> <p>18 BY MR. CORCORAN:</p> <p>19 Q From providing the service in that</p> <p>20 fashion through software, does the WASA prevent</p> <p>21 Verizon from preventing FX services via software?</p> <p>22 A I don't know that it does. I don't think</p>	<p style="text-align: right;">Page 137</p> <p>1 related to jurisdictions or years. I think if</p> <p>2 there's an overall hard and soft FX question he</p> <p>3 can answer, he should be able to do that.</p> <p>4 ARBITRATOR BONELLO: I'll allow the</p> <p>5 question.</p> <p>6 THE WITNESS: Can you restate it?</p> <p>7 BY MR. KLEIN:</p> <p>8 Q In your review of the actual claims where</p> <p>9 Lightwave has withheld payment for FX services,</p> <p>10 did you find that some related to hard FX?</p> <p>11 A Yes.</p> <p>12 Q And roughly what was the dollar magnitude</p> <p>13 of money that Lightwave withheld that related to</p> <p>14 hard FX?</p> <p>15 A \$28,000.</p> <p>16 Q You were asked some questions about the</p> <p>17 USOC NPU and specifically whether you would be</p> <p>18 surprised that -- whether you would be surprised</p> <p>19 the amount Verizon billed for NPU exceeded or was</p> <p>20 less than the amount that Verizon is now saying</p> <p>21 it's owed to it for NPU services. Do you remember</p> <p>22 that general area of questioning?</p>

35 (Pages 134 to 137)

001170

(866) 448 - DEPO
www.CapitalReportingCompany.com

001172



002480